

## **Alternative II**

### **AMENDATORY SECTION:**

#### **WAC 230-20-059 Minimum cash flow requirements for bingo games--Contributions to stated purpose -- Sanctions.**

Bingo shall be conducted only as a social pastime or for fund-raising to support the stated purpose(s) of a charitable or nonprofit organization. Organizations licensed to conduct bingo games shall comply with the following procedures and limitations:

#### **Contributions.**

(1) To ensure that organizations licensed to conduct bingo games meet the intent of RCW 9.46.010 and provide funds adequate to promote charitable and nonprofit programs, such organizations shall not allow their bingo operation to award prizes or pay expenses to conduct bingo games that are excessive and all capital expenditures for the bingo operation that exceed six thousand dollars shall be specifically approved by the governing board.

An organization licensed to conduct bingo games shall ensure that the adjusted cash flow from the bingo operation available for its charitable and nonprofit programs is at least the following amount during each calendar quarter:

- (a) For gross receipts above \$375,000 up to \$625,000 - 3% of gross receipts over \$375,000;
  - (b) For gross receipts above \$625,000 up to \$875,000 - \$7,500 plus 4% of gross receipts over \$625,000;
  - (c) For gross receipts above \$875,000 up to \$1,125,000 - \$17,500 plus 5% of gross receipts over \$875,000; and
  - (d) For gross receipts above \$1,125,000 - \$30,000 plus 6% of gross receipts over \$1,125,000.
- Failure to meet the requirements of this subsection for any single calendar quarter shall not result in sanctions against the licensee.

#### **Definitions.**

(2) The following definitions shall apply to this section:

- (a) "Gross receipts" shall mean the combined gross gambling receipts from bingo, pull-tab and punch board activities.
- (b) "Adjusted cash flow from the bingo operation" shall mean the combined gross income of the bingo operation less all prizes and expenses, whether paid or accrued. For the purposes of computing expenses, depreciation or amortization, shall not be considered an expense of the bingo operation.
- (c) "Bingo operation" shall mean bingo games and all associated activities conducted in conjunction with bingo games at the same location including punch boards, pull-tabs, snack bar, retail sales activities, rental of the bingo premises and drawings authorized under WAC 230-20-242.
- (d) "Measurement period" shall mean four consecutive calendar quarters.
- (e) "Relief period" shall mean the measurement period in which the requirements were not met for which the licensee may seek relief.

### **Sanctions for failing to maintain a positive adjusted cash flow.**

(3) If a bingo licensee does not maintain a positive adjusted cash flow from the bingo operation during any two consecutive calendar quarters measured independently, it shall be deemed to be operating primarily for gambling purposes. In this event, the director shall summarily suspend the organization's bingo license.

### **Sanctions for failing to meet adjusted cash flow requirements.**

~~(4)(a) ((If a bingo licensee fails to meet the adjusted cash flow requirements of subsection (1) of this section when averaged over a period of any two consecutive calendar quarters, the licensee shall:~~

~~(i) Develop a plan to gain compliance;~~

~~(ii) Take immediate steps to reduce expenses and prizes paid and to increase income from all activities conducted in conjunction with the bingo game; and~~

~~(iii) Report the plan and action taken to commission staff no later than sixty days after the end of the period. Such report shall be in writing and signed by the president or chief operating officer.))~~

If a bingo licensee fails to meet the adjusted cash flow requirements of subsection (1) of this section when averaged over a period of any four consecutive calendar quarters, administrative action shall be taken to revoke the organization's bingo license: Provided, That if a licensee has maintained a positive cash flow when averaged over the same four-quarters, as calculated according to subsection (1) of this section, the licensee may submit a written request for relief. The director shall grant relief by allowing the organization to eliminate any one of the four quarters using three quarters to determine minimum cash flow compliance.

(b) Subsequent measurement periods will include the four most recent quarters excluding the quarter eliminated by the director. If the three quarter adjusted cash flow calculation in the relief period fails to bring a licensee into compliance or the licensee fails to meet any subsequent adjusted cash flow requirements, revocation charges will commence according to this subsection.

(c) No organization, under any license, will be allowed to use the relief granted in subsection (4)(b) of this section, again for a minimum of 20 quarters following the quarter eliminated from the measurement.